

## Summary of the Report of

### The Joint Interim Committee on Automobile Dealer and Manufactures

Representative Patrick O'Connor, Co-Chair

Senator Ken Jacob, Co-Chair

January 5, 2000

The Committee held several meeting throughout the state and heard testimony form interested parties.

The Missouri Motor Vehicle Franchise Practices Act governing new automobile dealership franchises was first enacted in 1980. This law was designed to address conditions prevalent during that period of time. Since that time, the conditions in the new automobile industry have changed dramatically. The internet, conglomerate new automobile dealerships, and factory owned dealerships are playing an important role in new automobile purchasing in recent years.

Automobile dealers around the state presented eighteen points they strongly feel need to be addressed for successful operation in the future. They are as follows:

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| 1) Factory owned dealerships                     | 10) Warranty reimbursements;               |
| 2) A "stay" during dealership termination;       | 11) Warranty audits;                       |
| 3) Arbitration in franchise agreements;          | 12) Manufacture Advertising;               |
| 4) Written guidelines for termination;           | 13) Product defect indemnification;        |
| 5) Written guidelines for transfer of ownership; | 14) Retroactivity;                         |
| 6) Choice of law governing a dispute;            | 15) Inventory repurchase upon termination; |
| 7) Relevant market areas;                        | 16) Exclusivity of linemakes;              |
| 8) Relocation;                                   | 17) Captive finance companies;             |
| 9) First refusal;                                | 18) Civil Procedure on disputes.           |

After careful consideration the Joint Interim Committee recommends Missouri's General Assembly address the following issues;

- 1) A prohibition of factory owned, operated and/or controlled dealerships;
- 2) Language regarding relevant market areas, or area of sales responsibility of Missouri's fancied dealerships as determined by their sales and service franchise agreements;
- 3) All aspects of warranty related issues including claims, audits and reimbursements and the time frames governing the same;
- 4) The desire of dealerships to invent in additional franchises in order to represent a variety of

of vehicles and products to their customers, and their additional desire to continue to represent current multiple franchises and products at their exiting retail facilities (dualing and exclusivity);

- 5) Civil procedure aspects to cleanup some problems with the Administrative Hearing Commission;
- 6) The General Assembly should consider the interests of the consumer in considering their Recommendations.